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SUBJECT: SLOVENIA SAILS SMOOTHLY INTO EUROZONE

REF: LJUBLJANA 000815

SUMMARY

¶1. (U) The Government of Slovenia (GOS) successfully entered the eurozone on January 1. The Slovenian Central Bank Governor, Mitja Gaspari, and Finance Minister, Andrej Bajuk, heralded Slovenia's entry as the 13th eurozone country with a laserlight countdown, loud fanfare and thousands of onlookers. Although many Slovenians and tourists from neighboring countries are concerned about price increases, the overall mood is upbeat and expectations are high for new economic growth and opportunities connected with entry into the eurozone. END SUMMARY.

PREPARATIONS PAY OFF

¶2. (U) A few minutes after midnight on January 1 Gaspari, Bajuk, and the "father" of the Slovenian tolar France Arhar, all went to different bank machines in Ljubljana and successfully drew out euros. All were sanguine about the transition to the euro and confident that the changeover deadline would be met without any difficulties. The confidence seems to be well placed. Almost 75% of bank machines were back online by 4AM January 1 with 90% online by 11AM. All bank machines were distributing euro by January 2. Stores, restaurants and vendors were also well prepared for the transition. Concerns that vendors would run out of euros to make change were unfounded. January 3 is the first working day using euros, but because of Slovenians' familiarity with using euros, the changeover has been smooth sailing.

PRICE HIKES GREATEST CONCERN

¶3. (SBU) Based on a December 2006 poll, price increases continue to be the main concern for Slovenians. The GOS has strongly encouraged businesses and government offices to maintain current prices at least until June 2007. Overall, no major violations have been discovered, although price increases on individual items such as movie tickets and food items have been observed. One notable pricing violation was the City of Ljubljana's parking office. In response to consumer complaints regarding public parking fee increases, the Mayor of Ljubljana, Zoran Jankovic, dismissed the Director of Public Parking and forced the resignation of the head of the Department of Public Companies and Traffic for unlawfully raising prices on parking fees. Market inspectors are out in full force and will continue to monitor retailers throughout 2007.

